

REVISED - Appendix F

FINANCIAL PROPOSAL

Offeror Name: _____

Date : _____

Please note upon receipt of the Letter of Intent and signed Confidentiality Agreement (Attachment D), Exhibits with claims and pharmacy information will be sent separately from this RFP.

The questions in this section have been carefully crafted in order to ensure an accurate and fair comparison of proposals. The instructions and notes at the beginning of each section detail the DCH's Financial Proposal requirements for each component of its pharmacy benefit program. Please keep these requirements in mind when constructing your financial proposal.

Complete all tables in this section using the provided format. Use footnote references to clearly explain all qualifications or conditions in your response. Financial Proposals that do not use these formats will not be considered.

A. DCH Financial Proposal Requirements

- A1. Indicate your organization's acceptance of the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans) financial proposal requirements by completing the table below.

Proposal Element	DCH Requirement	Offeror Acceptance (Y/N)
Network Pass-through	Offeror must agree to pass-through 100% of its negotiated pharmacy provider discounts, Maximum Allowable Cost (MAC) rates and dispensing fees. Offeror will <u>not</u> be allowed to retain a margin or "spread" on any of its retail pharmacy reimbursement contracts.	
Network Reimbursement	Offeror must adjudicate all retail claims at the lesser of: (a) The contracted network discount + dispensing fee; (b) MAC + dispensing fee; or (c) The provider's Usual & Customary (U&C) amount.	
Claim Pricing	Offeror must agree that plan members always pay the lesser of the plan's co-pay, the provider's usual and customary (U&C) price or the eligible charge (i.e., discounted cost + dispensing fee).	
Retail Brand Discount	Offeror must offer a <u>minimum</u> brand discount guarantee based on the required full network pass-through arrangement.	

Proposal Element	DCH Requirement	Offeror Acceptance (Y/N)
Retail Generic Discount	Offeror must offer a <u>minimum</u> overall effective generic discount, inclusive of the Offeror's Maximum Allowable Cost (MAC) reimbursement.	
MAC Pricing	Offeror must offer a <u>minimum</u> effective MAC guarantee for retail multi-source generic drugs.	
Retail Dispensing Fees	Offeror must provide a <u>maximum</u> dispensing fee guarantee for retail brand and generic drugs.	
Mail Order Pricing	Offeror must provide guaranteed mail order discounts and dispensing fees. Each SHBP mail order claim must be priced at the guaranteed rates. Offeror must agree to pass-through 100% of discounts and dispensing fees, as Offeror will <u>not</u> be allowed to retain a margin or "spread" if mail order service is subcontracted.	
Mail Order Shipping Costs	Offeror must underwrite all mail order shipping costs in the proposed mail order pricing (except for instances where expedited delivery is requested by the member). Dispensing fees may not be adjusted during the contract term for postage rate increases.	
Administrative, Clinical and Other Miscellaneous Fees	Offeror must propose administrative fees on a per paid claim basis, unless otherwise indicated.	
Transition Fees	The proposed fees must include Offeror's cooperation in transitioning the DCH at the contract's end. No additional charges will be assessed to the State to support transitioning to a new Offeror for services including open prior authorization files, drug coverage documentation, custom formulary files, claims extracts, etc.	
Prior Authorization Fees	Offeror must agree to implement existing prior authorization lists and provide a minimum number of clinical prior authorization (PA) reviews at no additional cost to the DCH.	
Rebates	Offeror must agree to pass-through to all pharmaceutical rebates (e.g., formulary, incentive, market share, etc.) subject to the terms specified in Section G of the Financial Proposal	
Rebates	Offeror must offer a <u>minimum</u> 'per claim' rebate guarantee for the DCH based on each plan's respective formulary.	
Rebates	Offeror agrees that its rebate guarantees do not require mandatory participation of the DCH in therapeutic interchange or related formulary management programs.	
Guarantees	Offeror agrees that all of its proposed guarantees and liquidated damages per Attachment X shall be reconciled annually against actual results and shall be backed dollar-for-dollar such that the DCH is made whole if any guarantee/liquidated damage fails to be met. Shortfalls in one financial guarantee/liquidated damage may not be offset by overages in another financial guarantee.	
Guarantees	Offeror agrees that all the SHBP prescription claims that are reimbursed at the providers' U&C rates will be <u>excluded</u> from the reconciliation of all discount guarantees.	

B. Retail Network Pricing and Provider Reimbursement

B1. For the retail pharmacy network that you have listed in your response to question 3.2.6.1 in Section 3.2.6 of the Technical Questionnaire for the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans) complete the table below with the proposed pharmacy network pricing for:

- Chains
- Independent and
- Total Retail Network

If you are proposing more than one retail network, separate pricing tables should be provided for each network arrangement broken out the same way. A claims data summary from April 1, 2005 through March 31, 2006 for the SHBP PPO/PPO Consumer Choice and Indemnity health plans will be provided in Exhibits A and B of this Financial Proposal to assist with your response.

Note: The information provided in this table will be scored based on the price guarantees you quote. The pricing estimates you provide will not be considered for scoring unless they are guaranteed. Offerors are advised to quote their most competitive price guarantees in order to receive the highest possible score on the Financial Proposal.

SHBP Retail Chain Network		CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
a.	Name of Proposed Network					
b.	Total Number of Network Chain Pharmacies					
c.	Number of Network Chain Pharmacies in Georgia					
Brand Drug Pricing						
d.	Minimum aggregate discount guarantee. <i>Note: guarantee must exclude MAC'd multi-source brands and claims priced at U&C.</i>	AWP - ____%	AWP - ____%	AWP - ____%	AWP - ____%	AWP - ____%
e.	Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per brand Rx	\$____ per brand Rx	\$____ per brand Rx	\$____ per brand Rx	\$____ per brand Rx
f.	Estimated result of 100% pass-through of contracted network rates.	AWP - ____% + \$____ per brand Rx	AWP - ____% + \$____ per brand Rx	AWP - ____% + \$____ per brand Rx	AWP - ____% + \$____ per brand Rx	AWP - ____% + \$____ per brand Rx
Generic Drug Pricing						
g.	Minimum overall effective discount guarantee. <i>Note: guarantee must include both MAC and non-MAC generic claims but <u>exclude</u> claims priced at U&C.</i>	AWP - ____%	AWP - ____%	AWP - ____%	AWP - ____%	AWP - ____%
h.	Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per generic Rx	\$____ per generic Rx	\$____ per generic Rx	\$____ per generic Rx	\$____ per generic Rx
i.	Detail any generic dispensing incentive that will be paid to providers, if any, in addition to the dispensing fees identified above.	\$____	\$____	\$____	\$____	\$____
j.	Estimated result of 100% pass-through of network rates.	AWP - ____% + \$____ per generic Rx	AWP - ____% + \$____ per generic Rx	AWP - ____% + \$____ per generic Rx	AWP - ____% + \$____ per generic Rx	AWP - ____% + \$____ per generic Rx

SHBP Retail Independent Network		CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
a.	Name of Proposed Network					
b.	Total Number of Network Independent Pharmacies					
c.	Number of Network Independent Pharmacies in Georgia					
Brand Drug Pricing						
d.	Minimum aggregate discount guarantee. <i>Note: guarantee must exclude MAC'd multi-source brands and claims priced at U&C.</i>	AWP - ____%	AWP - ____%	AWP - ____%	AWP - ____%	AWP - ____%
e.	Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per brand Rx	\$____ per brand Rx	\$____ per brand Rx	\$____ per brand Rx	\$____ per brand Rx
f.	Estimated result of 100% pass-through of contracted network rates.	AWP - ____% + \$____ per brand Rx	AWP - ____% + \$____ per brand Rx	AWP - ____% + \$____ per brand Rx	AWP - ____% + \$____ per brand Rx	AWP - ____% + \$____ per brand Rx
Generic Drug Pricing						
g.	Minimum overall effective discount guarantee. <i>Note: guarantee must include both MAC and non-MAC generic claims but <u>exclude</u> claims priced at U&C.</i>	AWP - ____%	AWP - ____%	AWP - ____%	AWP - ____%	AWP - ____%
h.	Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per generic Rx	\$____ per generic Rx	\$____ per generic Rx	\$____ per generic Rx	\$____ per generic Rx
i.	Detail any generic dispensing incentive that will be paid to providers, if any, in addition to the dispensing fees identified above.	\$____	\$____	\$____	\$____	\$____
j.	Estimated result of 100% pass-through of network rates.	AWP - ____% + \$____ per generic Rx	AWP - ____% + \$____ per generic Rx	AWP - ____% + \$____ per generic Rx	AWP - ____% + \$____ per generic Rx	AWP - ____% + \$____ per generic Rx

SHBP Retail Network (Total-All pharmacies)		CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
a.	Name of Proposed Network					
b.	Total Number of Network Pharmacies					
c.	Number of Network Pharmacies in Georgia					
Brand Drug Pricing						
d.	Minimum aggregate discount guarantee. <i>Note: guarantee must exclude MAC'd multi-source brands and claims priced at U&C.</i>	AWP - ____%	AWP - ____%	AWP - ____%	AWP - ____%	AWP - ____%
e.	Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per brand Rx	\$____ per brand Rx	\$____ per brand Rx	\$____ per brand Rx	\$____ per brand Rx
f.	Estimated result of 100% pass-through of contracted network rates.	AWP - ____% + \$____ per brand Rx	AWP - ____% + \$____ per brand Rx	AWP - ____% + \$____ per brand Rx	AWP - ____% + \$____ per brand Rx	AWP - ____% + \$____ per brand Rx

SHBP Retail Network (Total-All Pharmacies)		CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
Generic Drug Pricing						
g.	Minimum overall effective discount guarantee. <i>Note: guarantee must include both MAC and non-MAC generic claims but <u>exclude</u> claims priced at U&C.</i>	AWP - ____%	AWP - ____%	AWP - ____%	AWP - ____%	AWP - ____%
h.	Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per generic Rx	\$____ per generic Rx	\$____ per generic Rx	\$____ per generic Rx	\$____ per generic Rx
i.	Detail any generic dispensing incentive that will be paid to providers, if any, in addition to the dispensing fees identified above.	\$____	\$____	\$____	\$____	\$____
j.	Estimated result of 100% pass-through of network rates.	AWP - ____% + \$____ per generic Rx	AWP - ____% + \$____ per generic Rx	AWP - ____% + \$____ per generic Rx	AWP - ____% + \$____ per generic Rx	AWP - ____% + \$____ per generic Rx

B2. Please disclose any network re-contracting efforts, either planned or underway, that would affect your proposed pricing.

B3. Complete Exhibit C with your organization's actual contracted rates for the pharmacies most highly utilized by SHBP PPO/PPO Consumer Choice and Indemnity health plan members.

C. MAC Pricing

C1. For the MAC list your organization proposes for the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans) provide the following information. *Note: The DCH requires 100% pass-through of contracted retail network rates, including MAC pricing.*

MAC List for SHBP		CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
a.	Name of the proposed MAC List:					
b.	Guaranteed effective MAC generic discount	AWP - ____%	AWP - ____%	AWP - ____%	AWP - ____%	AWP - ____%

C2. What percent of your multi-sourced generic drugs are subject to MAC? Please specify as a percent of all available multi-source generic drugs and as a percent of all multi-source generic drugs dispensed.

C3. Complete the table in Exhibit D for the SHBP Top 200 generic drugs. The unit MAC prices used to complete this table must originate from the list you propose in C1 above, with MAC prices effective as of April 1, 2006.

D. Specialty Drug Pricing

- D1. Provide your organization's proposed pricing for specialty and biotechnology drugs by completing table below for the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans) pharmacy programs. Note: The DCH is not seeking an exclusive provider arrangement at this time.

Specialty Pricing for SHBP	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
Brand Discount	AWP – ____%	AWP – ____%	AWP – ____%	AWP – ____%	AWP – ____%
Generic Discount ¹	AWP – ____%	AWP – ____%	AWP – ____%	AWP – ____%	AWP – ____%
Dispensing Fee	\$_____ per Rx	\$_____ per Rx	\$_____ per Rx	\$_____ per Rx	\$_____ per Rx

E. Mail Order Pricing

- E1. Complete the following table with the proposed mail order pricing for the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans).

Mail Order Pricing for SHBP	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
Brand Discount	AWP – ____%	AWP – ____%	AWP – ____%	AWP – ____%	AWP – ____%
Generic Discount ²	AWP – ____%	AWP – ____%	AWP – ____%	AWP – ____%	AWP – ____%
Dispensing Fee	\$_____ per Rx	\$_____ per Rx	\$_____ per Rx	\$_____ per Rx	\$_____ per Rx

- E2. For the generic drugs listed in the table in Exhibit E, provide the per unit MAC price that would be charged to the DCH. The unit MAC prices used to complete this table must be prices effective as of April 1, 2006.

¹ The guaranteed specialty generic discount must be inclusive of all single-source generic (SSG) products.

² The guaranteed mail order generic discount must be inclusive of all single-source generic (SSG) products.

F. Administrative Fees

- F1. Complete the table below with the proposed administrative fee for the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans) Administrative Fee inclusive of all services, programs and activities specified in the Technical Proposal for each contract period. Postage costs (i.e., the cost of stamps or meters) should be treated as pass-through costs and not included in the proposed administrative fee. Quote your fee on a Per Paid Claim basis.

Administrative Fee	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
Per Paid Claim	\$_____	\$_____	\$_____	\$_____	\$_____
<p>Services to include all the SHBP requirements for:</p> <ul style="list-style-type: none"> ▪ Claims Processing (retail,); ▪ Account Services and Account Management; ▪ Member Services and Call Center; ▪ Medicare Part D ▪ Coordination of Benefits ▪ Network Management; ▪ Systems Maintenance; ▪ Data Management and Reporting; ▪ Eligibility Administration; ▪ Clinical and Formulary Management; ▪ Decision Support and Plan Design/Formulary Modeling; ▪ Audit Support ▪ Quantity Level Limit (QLL) System Edits & Support ▪ Prior Authorization (PA) Edits & Support ▪ Duration of Therapy Edits & Support ▪ Step Therapy Edits & Support ▪ Dedicated Clinical Service Team ▪ All Administrative/Technical PA Reviews/Overrides³ ▪ Clinical Reviews/Overrides for Current PA Volume⁴ ▪ First Level Appeal Determinations ▪ PA and QLL Criteria Development ▪ Retrospective DUR ▪ Implementation/Transition Assistance, as applicable. 					

- F2. The DCH is considering offering a mail order benefit to its members enrolled in the SHBP PPO/PPO Consumer Choice and Indemnity health plans. If the DCH elects to offer this benefit, would prescriptions filled through mail be subject to an administrative fee? If yes, specify the fee that would be charged on a per paid claim basis.

³ Includes vacation, refill-too-soon and other overrides that do not require a physician/pharmacist review.

⁴ See additional information in F5 below. DCH wants the current volume of clinical reviews built into the base clinical fee (F3, above).

- F4. Complete the table below with the proposed fees for clinical reviews (i.e., physician or pharmacist) associated with the current SHBP PPO/PPO Consumer Choice and Indemnity health plans' clinical protocols for prior authorization, step therapy, quantity level limits and related edits. Since the current volume of clinical reviews must be built into your administrative fee F1, above), the fee detailed below is applicable only if the actual volume of clinical reviews exceeds the current volume detailed in the table below for the SHBP PPO/PPO Consumer Choice and Indemnity health plans.. For individual clinical authorization requests where more than one review occurs (i.e., multiple reviews for same patient and drug), only one fee may be charged. *Note: the selected Offeror must implement the current DCH criteria for all existing programs. Additionally, this fee will not apply to administrative reviews (e.g., refill too soon, vacation overrides) as any costs associated with administrative reviews are to be included in the administrative fee (F1, above).*

SHBP	
a. Current SHBP annual clinical review volume baseline	62,000
b. Number of annual clinical reviews included in the Administrative Fee (F3)	same as above
c. Additional cost per clinical review in excess of baseline (a)	\$_____ per review

- F5. Propose the cost for system modifications requested by the DCH (for the SHBP PPO/PPO Consumer Choice and Indemnity health plans) by completing the following table. *Note: these charges shall only be billed for special system programming requested by SHBP following post-implementation approval of the Offeror's system design specifications. System modifications due to federal or state legislation may not be billed.*

System Modification Charges		SHBP
a.	Number of annual programming hours offered at no additional cost:	_____ Hours
b.	Additional programming hourly rates for modifications in excess of the annual allotment of programming hours (a): <ul style="list-style-type: none"> ▪ System Analyst Level 1 ▪ System Analyst Level 2 ▪ System Operations Manager 	 _____ \$ per hour _____ \$ per hour _____ \$ per hour
c.	Other programming charges by resource type not listed above (b)	_____ \$ per hour

G. Rebate Administration

- G1. Complete the following table based on the guaranteed rebate proposal for the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans). Note: Offerors should propose a PDL for the SHBP health plans.

PPO & Indemnity Health Plans					
Estimated SFY2005 Results:	Average Membership		264,000		
	Total Rx Count		4.4 million		
	Percent of Formulary Rx		82%		
Rebate Guarantees	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
Name of Proposed PDL for the SHBP:					
Provide the <u>minimum</u> 'per claim' rebate you will guarantee for the SHBP Plans. Note: 100% of the excess must be passed through to SHBP.	\$___ per Rx	\$___ per Rx	\$___ per Rx	\$___ per Rx	\$___ per Rx

- G2. Explain your organization's rebate invoicing, accounting and payment processes including distribution of funds and reports outlining dollars projected and received. Please provide a sample rebate report.
- G3. Complete the formulary disruption analysis in Exhibit F using the formulary you propose in G1 above.
- G4. Detail any financial assumptions or qualifications pertaining to the minimum rebate guarantees provided for the DCH.
- G5. Will you be charging a fee to administer rebates? If yes, what amount expressed as a percent of total rebates (e.g., formulary, incentive, market share, etc.), are you proposing to retain? Is the proposed rebate guarantee provided in G1 above the amount that the DCH will receive or subject to application of your proposed rebate administration fee?

H. Implementation/Transition Assistance

- H1. Detail any fees and/or credits proposed to the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans) for implementation and transition assistance by completing the table below.

Implementation/Transition	Fee or (Credit)	Basis
a. SHBP Program Design, Development & Implementation (DDI) ⁵	\$	Flat Dollar
d. Formulary Disruption Mailings	\$	Per Letter
e. Other (please specify)	\$	

- H2. If your organization is proposing an implementation credit in item (a) in the table above, please provide the following:

⁵ SHBP Implementation/Transition period: August 1 – December 31, 2006.

- A list of qualified transition/implementation expenses;
- The payment terms to the DCH; and
- A description of the required documentation.

I. Additional Communication Materials

11. If applicable, please complete the following table with your organization's proposed development fee (flat fee) for communication materials for the DCH.

Misc. Communication Materials	
b. Benefit Design or Coverage Change Notification	\$___ Flat fee
c. Clinical Program Update/Change Notification	\$___ Flat fee
d. Other (please specify)	

III. EXHIBITS

The following Exhibits A and B are provided for reference and informational purposes and to assist Offerors in developing a Financial Proposal for Pharmacy Benefit Management (PBM) Services.

Exhibits C-F are to be completed by each Offeror with its Financial Proposal for PBM Services. All responses should be submitted electronically in the format provided.

- A SHBP Claims and Utilization Summary for April 1, 2005 to March 31, 2006
- B SHBP Claims Data for April 1, 2005 to March 31, 2006.
- C Contracted Network Pricing for Top 50 SHBP Providers
- D MAC Pricing for Top 200 SHBP Generic Drugs
- F Formulary Disruption Analysis for SHBP Plans